

VALLEY GAS, INC.
P.O. BOX 55
IRVINGTON, KENTUCKY 40146
(270) 547-2455 or (270)877-2661

RECEIVED
NOV 16 2005
PUBLIC SERVICE
COMMISSION

November 15, 2005

Case 2005-00461

Ms. Beth O'Donnell
Executive Director
Public Service Commission
PO Box 615
Frankfort, Kentucky 40602-061

Dear Ms. O'Donnell:

Enclosed please find our application for revised rates in accordance with purchased gas cost adjustment requirements.

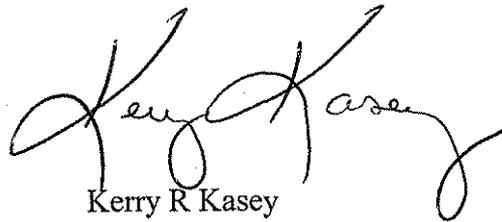
We would like for the adjustment to become effective December 1, 2005 and we are requesting a waiver of the 30-day notice requirement.

If additional information is needed, please advise.

Your assistance is appreciated.

Yours truly,

VALLEY GAS, INC.



Kerry R Kasey
Secretary

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PUBLIC SERVICE
COMMISSION

**SCHEDULE I
GAS COST RECOVERY RATE SUMMARY**

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 14.8828
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.3869)
+ Balance Adjustment (BA)	\$/Mcf	-
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>\$ 14.4959</u>

GCR to be effective for service rendered from

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	\$ 607,001.19
+ Sales for the 12 months ended 5/31/2005	Mcf	<u>40,785</u>
<u>- Expected Gas Cost (EGC)</u>	\$/Mcf	<u>14.8828</u>

<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	\$ -
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	<u>\$ -</u>
<u>= Refund Adjustment (RA)</u>	\$/Mcf	<u>\$ -</u>

<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ (0.3869)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ -</u>
<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>\$ (0.3869)</u>

<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ -
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ -</u>
<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>\$ -</u>

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended 05/31/05

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>Supplier</u>	<u>Dth</u>	<u>Heat</u> <u>Rate</u>	<u>Mcf</u>	<u>Rate/Dth</u>	<u>(4) x (5)</u> <u>Cost</u>
Commodity	Atmos Energy	40,036	1.025	39,060	\$13.390	\$536,082.04
Transport	Texas Gas Transmission	42,492	1.025	41,456	\$1.669	\$70,919.15

Totals	40,036	39,059.51	\$607,001.19
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Line losses are 39,059.5 Mcf and sales of 40,785 Mcf. -4.42% for 12 months ended 5/31/2005 based on purchases of

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$607,001.19
Expected Mcf Purchases (4)	Mcf	<u>39,059.51</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 15.540
Plus: Expected Losses of (not to exceed 5%)	<u>(D26/0.95)</u> Mcf	
= Total Expected Gas Cost	\$	\$607,001.19

Allowable Sales (maximum losses of 5%).

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE IV
ACTUAL ADJUSTMENT

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For the 4 month period ended 5/31/2005

<u>Particulars</u>	<u>Unit</u>	<u>February '05</u>	<u>March '05</u>	<u>April '05</u>	<u>May '05</u>
Total Supply Volumes Purchased	Mcf	4,862	2,268	1,756	1,815
Total Cost of Volumes Purchased	\$	\$ 45,917.37	\$ 20,357.49	\$ 15,426.50	\$ 13,970.30
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	6,143.8	6,460.8	3,457.9	1,942.5
= Unit Cost of Gas	\$/Mcf	\$ 7.4738	\$ 3.1509	\$ 4.4612	\$ 7.1919
- EGC in effect for month	\$/Mcf	6.0000	6.0000	7.4797	7.4797
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ 1.4738	\$ (2.8491)	\$ (3.0185)	\$ (0.2878)
x Actual sales during month	Mcf	6,143.8	6,460.8	3,457.9	1,942.5
= Monthly cost difference	\$	9,054.57	(18,407.31)	(10,437.55)	(559.02)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	\$ (15,778.82)
+ Sales for 12 months ended <u>5/31/2005</u>	Mcf	<u>40,785</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.3869)

Commodity Purchases

	MMBtu	Conversion	Mcf	Rate	Total Cost
Jun-04 Atmos Energy Marketing	900	1.025	878.049	\$13.39	\$12,051.00
Jul-04 Atmos Energy Marketing	1,085	1.025	1,058.537	\$13.39	\$14,528.15
Aug-04 Atmos Energy Marketing	3,100	1.025	3,024.390	\$13.39	\$41,509.00
Sep-04 Atmos Energy Marketing	4,680	1.025	4,565.854	\$13.39	\$62,665.20
Oct-04 Atmos Energy Marketing	3,100	1.025	3,024.390	\$13.39	\$41,509.00
Nov-04 Atmos Energy Marketing	4,980	1.025	4,858.537	\$13.39	\$66,682.20
Dec-04 Atmos Energy Marketing	6,200	1.025	6,048.780	\$13.39	\$83,018.00
Jan-05 Atmos Energy Marketing	5,022	1.025	4,899.512	\$13.39	\$67,244.58
Feb-05 Atmos Energy Marketing	4,984	1.025	4,862.439	\$13.39	\$66,735.76
Mar-05 Atmos Energy Marketing	2,325	1.025	2,268.293	\$13.39	\$31,131.75
Apr-05 Atmos Energy Marketing	1,800	1.025	1,756.098	\$13.39	\$24,102.00
May-05 Atmos Energy Marketing	1,860	1.025	1,814.634	\$13.39	\$24,905.40
Total	40,036		39,059.512		\$536,082.04

Tranportation Costs

	MMBtu	Conversion	Mcf	Rate	Total Cost
Jun-04 Texas Gas Transmission	850	1.025	829.268	\$1.669	\$1,418.65
Jul-04 Texas Gas Transmission	838	1.025	817.561	\$1.669	\$1,398.62
Aug-04 Texas Gas Transmission	882	1.025	860.488	\$1.669	\$1,472.06
Sep-04 Texas Gas Transmission	891	1.025	869.268	\$1.669	\$1,487.08
Oct-04 Texas Gas Transmission	1,584	1.025	1,545.366	\$1.669	\$2,643.70
Nov-04 Texas Gas Transmission	3,758	1.025	3,666.341	\$1.669	\$6,272.10
Dec-04 Texas Gas Transmission	8,477	1.025	8,270.244	\$1.669	\$14,148.11
Jan-05 Texas Gas Transmission	8,273	1.025	8,071.220	\$1.669	\$13,807.64
Feb-05 Texas Gas Transmission	6,539	1.025	6,379.512	\$1.669	\$10,913.59
Mar-05 Texas Gas Transmission	6,468	1.025	6,310.244	\$1.669	\$10,795.09
Apr-05 Texas Gas Transmission	2,478	1.025	2,417.561	\$1.669	\$4,135.78
May-05 Texas Gas Transmission	1,454	1.025	1,418.537	\$1.669	\$2,426.73
Total	42,492		41,455.610		\$70,919.15

Sales

Month	Total
Jun-04	942.1
Jul-04	646.8
Aug-04	980.3
Sep-04	1010.8
Oct-04	1434.2
Nov-04	3111.1
Dec-04	8154.1
Jan-05	7,179.0
Feb-05	6,143.8
Mar-05	6,460.8
Apr-05	3,457.9
May-05	1,942.5
Jun-05	627.0
Jul-05	674.0
Aug-05	876.0
Sep-05	725.0
Total	40,785.4